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Algeria

Grain and Feed

Wheat and Barley

2005

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Report Highlights:
Exceptional cold weather this year has slowed crop development throughout the country, but good rainfall in April could speed development. Less soft wheat has been planted this year because of rust problems experienced last year. U.S. market share for durum declined significantly over the past years due to competition from cheap French and Canadian wheat.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Production

Algerian farmers did not start planting until late November because of dry conditions. During normal years planting begins in September. To meet the planned areas (3,000,000 ha) according to the National Plan for Agriculture Development program (PNDA), delayed plantings were still continuing in February in some areas in the Eastern region were precipitations were above average. This year, durum will represent 42 percent the planted areas, soft wheat 23 percent, barley 33 percent and oat 2 percent. Less soft wheat was planted this year because farmers were afraid of (mildew) problems that occurred last years because of late rains; 2004 harvest was little affected by Mildew because it rained in June during the time harvest starts. Corn production is insufficient, and it is mostly imported.

Crops throughout the country started their early plant development phase. At this time of the year, crops should start rising but exceptional snow and cold weather in January and February affected the plant developme nt and delayed the growth process especially in the eastern and center regions of Algeria. According to ministry of agriculture, should good conditions in March and April continue; the 2005 crop could recover and exceed 3 MMT.

One of the main objectives of the PNDA program within the farmland conversion is to focus grains production in the most productive regions with good rainfall between 450 - 800 mm, (eastern and central plains) in order to increase yields while others areas with lower rainfall are reserved for traditional crops. Despite these plans, production levels still don't meet the need for cereals (6 million MT). The average production level for 2000-2004 was 2.7 million MT and the maximum level reached for the best years was 4 million MT. Harvests as well as production are always affected by either drought or poor weather.

Table 1- Grain Acreage and Production:

	Crop Year 2002	Crop Year 2003	Crop Year 2004
Planted Areas (Hectares)			
Durum Wheat	1,350,740	1,318,000	1,369,000
Bread Wheat	813,770	818,000	805,000
Barley	894,900	810,000	1,026,000
Oats	71,400	77,000	85,000
Total Area	**3,130,810**	**3,023,000**	**3,285,000**
Harvested Areas (Hectares)			
Durum Wheat	813,890	1,264,000	1,293,000
Bread Wheat	584,570	782,000	705,000
Barley	401,400	783,00	916,000
Oats	44,600	71,000	74,000
Total Area	**1,844,460**	**2,900,000**	**2,988,000**
Production (Metric Tons)			
Durum Wheat	950,967	1,808,800	1,816,100

Bread Wheat		550,836	1,161,800	786,000
Barley		416,112	1,220,700	1,314,800
Oats		33,495	77,200	84,100
Total Production		**1,951,410**	**4,268,500**	**4,001,000**

Consumption
Consumption is expected to remain relatively stable. Despite the bakers strike, the government decided recently in February 2005 not to raise the fixed bread price, but made the commitment not to increase flour sales price. This problem started since a year, when high wheat prices have forced millers to increase flour and semolina sales prices and caused bakers to strike; (bread prices are still fixed by the GOA and haven't changed since 1996, despite the price increases in water, electricity and gas, as well as flour).

The exceptional cold weather had a positive effect on barley consumption, which increased. Because of a shortage in pasture, Ministry of Agriculture encouraged breeders to feed their herds with barley. This increase is also generated by a slight growth in the livestock sector, as imports of live animals have opened up again, and to the feed animal manufacture sector growth.

Trade
Despite good production these four past years, Algeria still relies on imports. Algeria is the one of the largest importer of wheat (4 million metric tons imported per year minimum) and the largest importer of durum wheat. For only the first two months of CY 2005, Algeria imported 643,422 MT of wheat of which 340,449 MT of durum as well as 1,073 MT of barley. Despite high world prices, high demand and a slight decline of production encourage imports of wheat and barley in MY 2004.

US market share for durum declined significantly over the past years due to competition from French and Canadian wheat. Excellent durum yields and good quality crops in 2004, as well as proximity and subsidies have enabled France to become the largest supplier of durum to Algeria. For the first two months of CY 2005, Algeria imported from France 152,100 MT of durum and 141,970 MT of soft wheat. For the same period, United States ranked fourth supplier for wheat behind France, Canada and Argentina. Soft wheat is mostly imported from France, Russia, Argentina and Ukraine.

Since privatization in the wheat sector in 1998, 259 private flourmills are operating, reinforcing 98 government mills. The state-owned office of cereals (OAIC) also lost part of its monopoly when private operators started importing cereals, barley and maize. Nevertheless, it still purchases 70 percent of wheat imports with the remaining 30 percent to be shared among roughly ten private importers. Since private buyers are excluded from Canadian sales because of exclusive Canadian Wheat Board sales to OAIC, they increased the Algeria's imports of European and U.S. (and to a lesser extent Mexican) durum.

Barley is generally exclusively imported in small shipments by private importers from Europe and Eastern Europe because of the proximity and low freight costs. The main suppliers for barley are Romania, Ukraine, Russia, Spain and France. Barley imports, for MY 2003 decreased as of higher local production as well as international high prices but increased in MY 2004 due to a high demand generated by shortage in pasture because of poor weather.

Since two years, corn has been the less expensive cereal on the world market, high world prices of barley as well as the growth of the feed manufacture turned out in favor of corn imports that increased in MY 2003 and 2004. Investments in the animal feed manufacture and storage facilities are underway which expects future high corn imports. United States still remains the first Algeria's supplier for corn followed by Argentina.

Table 3- Corn imports in 1000 MT:

	MY 2002 Oct-Sept	MY 2003 Oct-Sep
Argentina	345	543
U.S.	573	1310
Russia	7	-
Brazil	32	-
France	-	23
Romania	15	-
Ukraine	45	-
Others	15	-
TOTAL	**1,032**	**1,876**

Algeria's imports of rice are very irregular. Private importers take opportunities when good prices occur to buy rice in small containers from different origin but mostly from Vietnam and Thailand. Exceptionally, because of competitive prices in MY 2002, one of the main importers imported under GSM-102, 28,000 MT of rice from U.S.

Table 5- Algeria Rice imports in MT:

	MY 2001	MY 2002	MY 2003	MY 2004
Vietnam	23,250	7,265	22,000	40,581
Thailand	901	22,980	16,532	12,222
Tajikistan	1,249	18,064	1,011	5,842
Pakistan	40			45
Japan				5
Italy	1,792	3,000	741	3,511
India	672	6,055	4	8
France		43	29	-
U.S.	2,640	28,000	3,095	5
Spain	8,097	11,142	11,481	9,002
China	101	4	10,000	380
Belgium				11
Brazil		109		
Egypt	350	276		
TOTAL	**39,092**	**96,938**	**64,893**	**71,612**

Stocks

Policy

Over the past few years the Algerian Government took some sanitary and phytosanitary measures that could affect trade. Since December 2000, biotech varieties of seeds are prohibited, but trade in commodities produced through biotechnology (corn, soybeans) has not been affected. Other specific requirements were amended by decree regarding harmful organisms for a large group of plant materials of which the cereals specifics can be a barrier to U.S. products; (Article 13, Decree of July 14, 2002). All cereals shipments and leguminous for food and feed must come from production field that are officially certified free after appropriate tests and declared free of harmful organisms listed in annexe III (d) of this decree (e.g Karnal bunt for wheat; as Tilletia indica, controversa, Ustilago tritici, or barley stripe mosaic for barley and Xanthomonas oryzae for rice).
These cereals shipments must be free from non-quarantine organisms as well.

This has affected recently in December 2004, French and U.S. wheat shipments that were quarantined by the Algerian plant protection services during a month and half for Karnal bunt suspicion.

Marketing

Reintroducing the credits guarantee programs in the past four years has succeeded in expanding US exports into Algeria, predominantly of feed grains, corn and wheat done mostly by private importers. Utilization has been about 50 percent for the past couple years. In 2004, $9.90 of $10 million Supplier Credit Program allocation was used. Algerian importers are still interested by the programs, despite the problems they are facing with banks that tend to encourage them to use cash financing because of high liquidities. Up to February 2005, $8 million GSM-102 was used for feed grains.

PSD Table

Country Algeria

Commodity Wheat

(1000 HA)(1000 MT)

	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Area Harvested	2760	2760	1998	1998	0	1998	(1000 HA)
Beginning Stocks	2712	2712	2815	2815	2815	2679	(1000 MT)
Production	2970	2970	2600	2602	0	2602	(1000 MT)
TOTAL Mkt. Yr. Imports	3933	4371	4300	4500	0	4500	(1000 MT)
Jul-Jun Imports	3933	4371	4300	4500	0	4500	(1000 MT)
Jul-Jun Import U.S.	481	454	0	144	0	144	(1000 MT)
TOTAL SUPPLY	9615	10053	9715	9917	2815	9781	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Jul-Jun Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	50	50	50	50	0	50	(1000 MT)
TOTAL Dom. Consumption	6800	7238	6900	7238	0	7238	(1000 MT)
Ending Stocks	2815	2815	2815	2679	0	2543	(1000 MT)
TOTAL DISTRIBUTION	9615	10053	9715	9917	0	9781	(1000 MT)

Import Trade Matrix

Country Algeria

Commodity Wheat

Time Period	Jul/Jun	Units:	1000 MT
Imports for:	2003		**2004**
U.S.	454	U.S.	
Others		Others	
Germany	158		
Argentina	307		
Brazil	283		
Canada	807		
Spain	214		
France	1287		
Italy	200		
Mexico	317		
Syria	177		
Irak	52		
Total for Others	3802		0
Others not Listed	115		
Grand Total	4371		0

PSD Table

Country Algeria

Commodity Barley

(1000 HA)(1000 MT)

	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Area Harvested	1176	783	900	916	0	614	(1000 HA)
Beginning Stocks	291	152	611	472	871	776	(1000 MT)
Production	1220	1220	1300	1314	0	1000	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	10	40	0	40	(1000 MT)
Oct-Sep Imports	22	25	10	30	0	30	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1511	1372	1921	1826	871	1816	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	700	700	800	850	0	850	(1000 MT)
TOTAL Dom. Consumption	900	900	1050	1050	0	1050	(1000 MT)
Ending Stocks	611	472	871	776	0	766	(1000 MT)
TOTAL DISTRIBUTION	1511	1372	1921	1826	0	1816	(1000 MT)

Import Trade Matrix

Country Algeria

Commodity Barley

Time Period	Oct-Sep	Units:	1000 MT
Imports for:	2003		2004
U.S.	0	U.S.	
Others		Others	
Ukraine	20		
Russia	5		
Total for Others	25		0
Others not Listed	0		
Grand Total	25		0